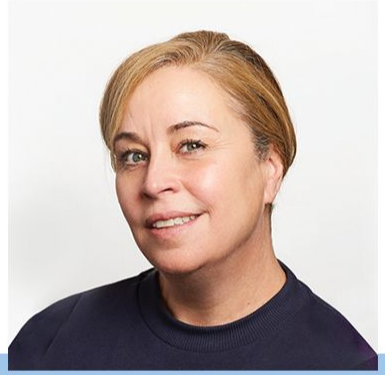

AEO INC.
Powering Profitable Growth
Long-Term Strategy
AND
Q4 2023 Earnings

Today's Speakers



Jay Schottenstein
Executive Chairman
& Chief Executive Officer



Jen Foyle
President, Executive Creative
Director – AE & Aerie



Mike Mathias
Executive Vice President –
Chief Financial Officer

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This release and related statements by management contain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995), which represent management's expectations or beliefs concerning future events, including first quarter and annual fiscal 2024, 2025 and 2026 results. Words such as "outlook," "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," "may," "potential," and similar expressions may identify forward-looking statements, although not all forward-looking statements contain these identifying words. All forward-looking statements made by the company are inherently uncertain because they are based on assumptions and expectations concerning future events and are subject to change based on many important factors, some of which may be beyond the company's control. Except as may be required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise and even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized. The following factors, in addition to the risks disclosed in Item 1A., Risk Factors, of our Annual Report on Form 10-K for the fiscal year ended January 28, 2023 and in any other filings that we may make with the Securities and Exchange Commission in some cases have affected, and in the future could affect, the company's financial performance and could cause actual results to differ materially from those expressed or implied in any of the forward-looking statements included in this release or otherwise made by management: the risk that the company's operating, financial and capital plans may not be achieved; our inability to anticipate customer demand and changing fashion trends and to manage our inventory commensurately; seasonality of our business; our inability to achieve planned store financial performance; our inability to react to raw material cost, labor and energy cost increases; our inability to gain market share in the face of declining shopping center traffic; our inability to respond to changes in e-commerce and leverage omni-channel demands; our inability to expand internationally; difficulty with our international merchandise sourcing strategies; challenges with information technology systems, including safeguarding against security breaches; and global economic, public health, social, political and financial conditions, and the resulting impact on consumer confidence and consumer spending, as well as other changes in consumer discretionary spending habits, which could have a material adverse effect on our business, results of operations and liquidity.

Non-GAAP Measures

This presentation includes information on non-GAAP financial measures (“non-GAAP” or “adjusted”), including consolidated adjusted gross margin, operating income, net income and net income per diluted share, excluding non-GAAP items. These financial measures are not based on any standardized methodology prescribed by U.S. generally accepted accounting principles (“GAAP”) and are not necessarily comparable to similar measures presented by other companies. Non-GAAP information is provided as a supplement to, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP. Management believes that this non-GAAP information is useful for an alternate presentation of the company's performance, when reviewed in conjunction with the company's GAAP consolidated financial statements and provides a higher degree of transparency. These amounts are not determined in accordance with GAAP and, therefore, should not be used exclusively in evaluating our business and operations. The tables included in this presentation reconcile the GAAP financial measures to the non-GAAP financial measures discussed above.



Jay Schottenstein

Executive Chairman & Chief Executive Officer



Powering Profitable Growth

AEO INC.


ALUMNI
ALUMNI
ALUMNI

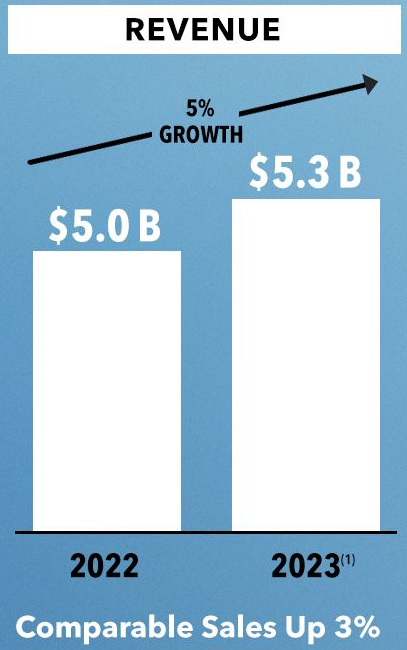
Fourth Quarter 2023 Highlights

- ✓ Record revenue
- ✓ Exceeded guidance shared in January
- ✓ Operating Income Up 47%
- ✓ Ending Cash of $454M[(1)]
- ✓ Healthy Inventory

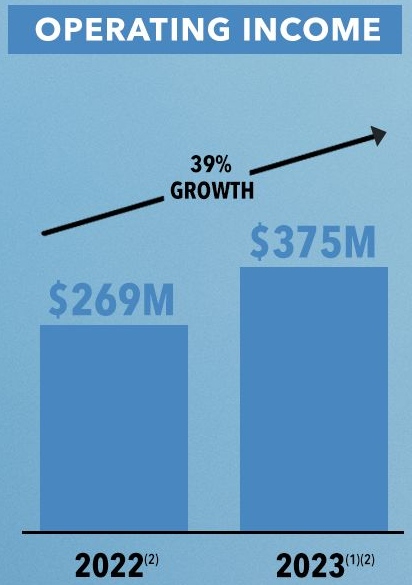


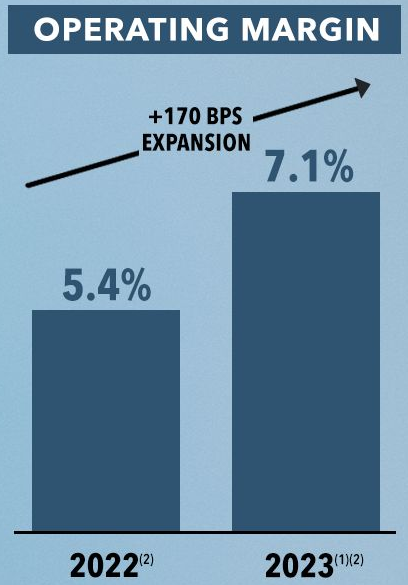
(1) Inclusive of short-term investments

Fiscal Year 2023 Results



Comparable Sales Up 3%





(1) Fiscal 2023 represents the 53 weeks ended February 3, 2024. Fiscal 2022 represents the 52 weeks ended January 28, 2023. Comparable sales metrics are presented for the 53 weeks ending February 3, 2024 compared to the 53 weeks ending February 4, 2023.
(2) Results are shown on an adjusted basis. See accompanying tables for a reconciliation of GAAP to non-GAAP results.

Strong Cash Flow and Healthy Balance Sheet



✓ **25%** Increase in Quarterly Cash Dividend

✓ **30M** Share Repurchase Authorization

(1) Inclusive of short-term investments


We Entered 2024 from
a Position of Strength

Jen Foyle

President, Executive Creative Director – AE & Aerie


















THE BEST GIFTS FOR HIM
#AEJeans
AMERICAN EAGLE + AE 24/7


aerie






#AEJeans
Gotta-Have
GIFTS
Something for everyone on your list!

22 Million Customers

- ✓ Growth Across Brands
- ✓ Strong Acquisition and Retention









AMERICAN EAGLE



4Q23
+11% Revenue Growth
+6% Comp Growth
17.0% Operating Margin

aerie

4Q23

+16%
Revenue Growth

+13%
Comp Growth

+16.2%
Operating Margin




AMERICAN EAGLE
aerie

Mike Mathias

Executive Vice President – Chief Financial Officer



Fourth Quarter Results

14 WEEKS
ending February 3, 2024

compared to

13 WEEKS
ending January 28, 2023

Fourth Quarter Comparable Sales

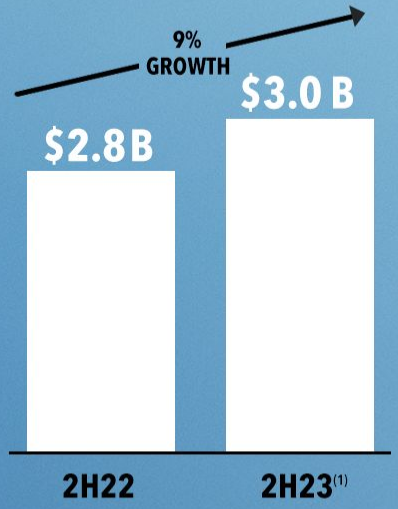
14 WEEKS
ending February 3, 2024

compared to

14 WEEKS
ending February 4, 2023

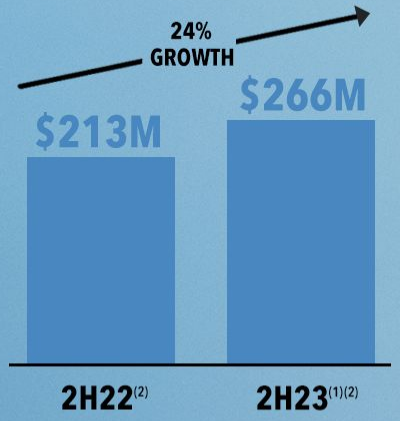
Strong Second Half Performance

REVENUE

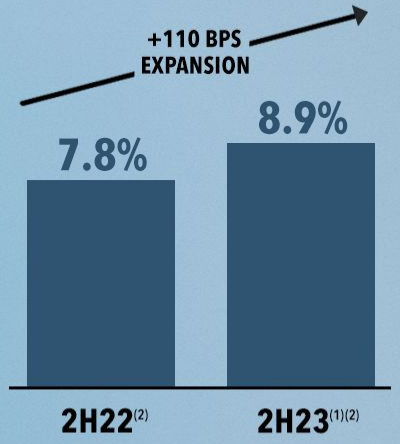


Comparable Sales Up 6%

OPERATING INCOME



OPERATING MARGIN



Fueled by Gross Margin Up 320 bps

(1) Fiscal 2H23 represents the 27 weeks ended February 3, 2024. Fiscal 2H22 represents the 26 weeks ended January 28, 2023. Comparable sales metrics are presented for the 27 weeks ending February 3, 2024 compared to the 27 weeks ending February 4, 2023.
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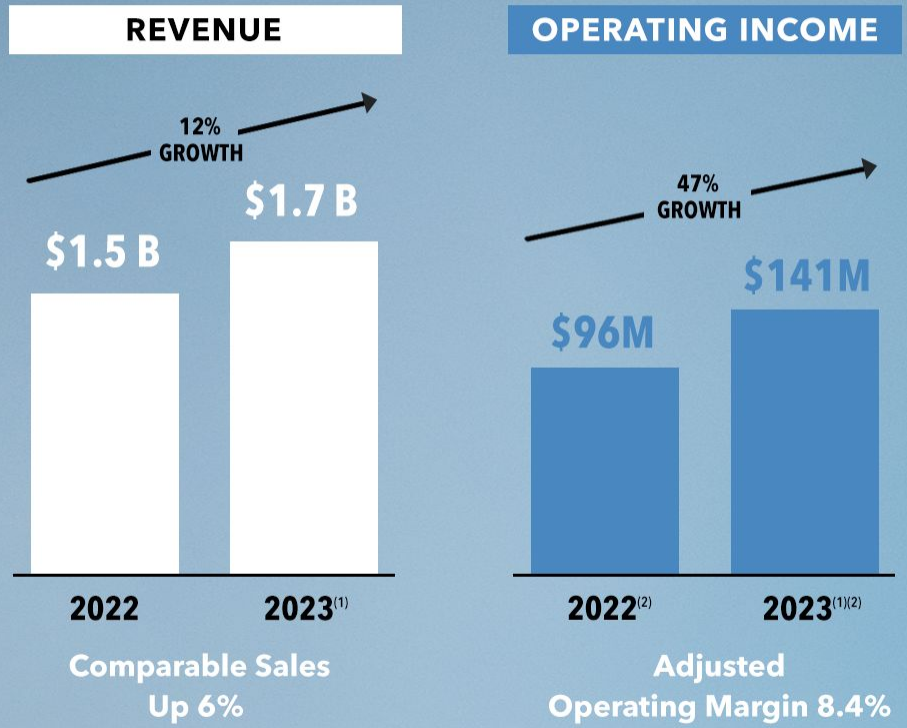
Fourth Quarter 2023 Results



- Record Revenue
- Merchandise Margin Strength
- Disciplined Inventory
- BOW Leverage
- D&A Leverage
- Continued Progress on Profit Improvement Initiative

(1) Fiscal 2023 represents the 53 weeks ended February 3, 2024. Fiscal 2022 represents the 52 weeks ended January 28, 2023. Comparable sales metrics are presented for the 53 weeks ending February 3, 2024 compared to the 53 weeks ending February 4, 2023.
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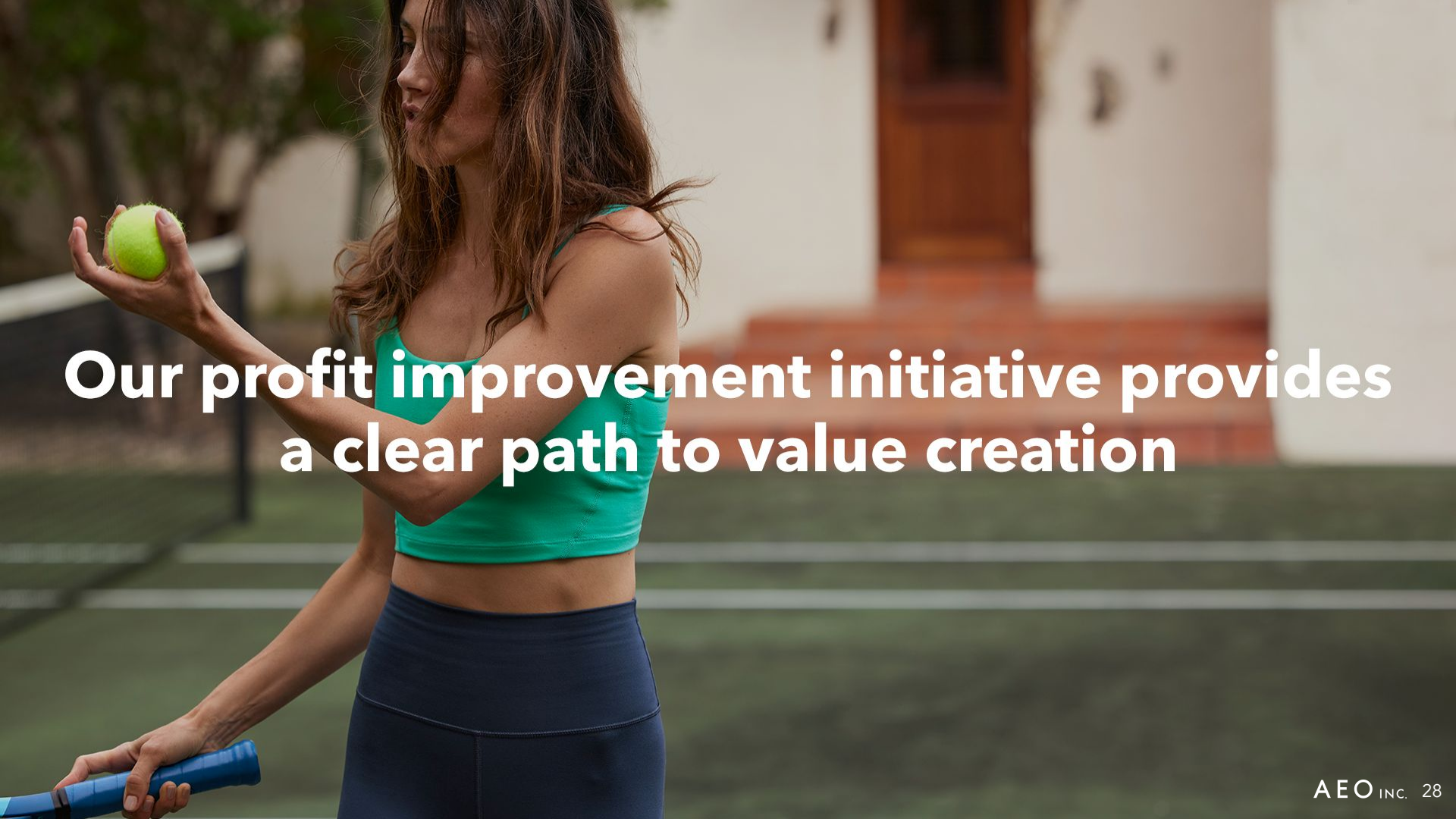


Our profit improvement initiative provides a clear path to value creation

2024 Guidance

- +2-4% Revenue Growth
- $445M to $465M Operating Income
- SG&A Leverage
- D&A ~$220M
- High-20s Tax Rate
- High-190s Weighted Average Share Count



2024 Guidance

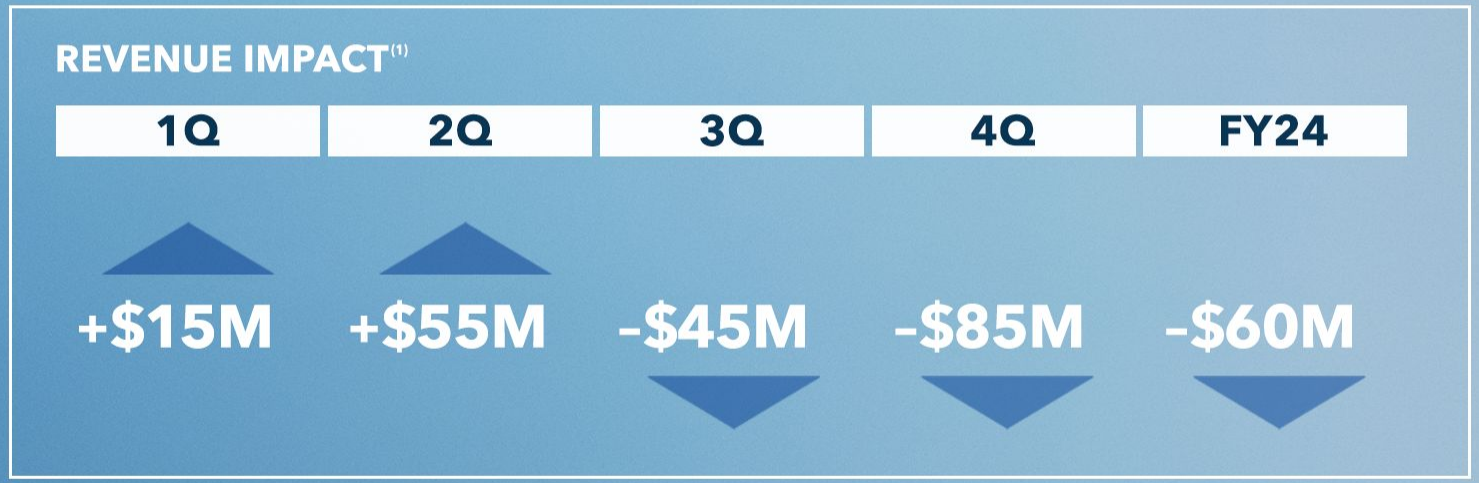
- Revenue & Profit Growth Weighted to the First Half
- Comparable Sales

FIRST HALF	SECOND HALF
+MSD Growth	**+LSD Growth**



2024 Quarterly Impact of Retail Calendar

Shift and One Less Selling Week



(1) Reflects approximate year-over-year impact

First Quarter 2024 Guidance

- Continued Momentum
- +MSD Revenue Growth
- $65M to $70M Operating Income
- SG&A Up In Line with Revenue




Powering
Profitable
Growth
AEO INC.

Powering Profitable Growth

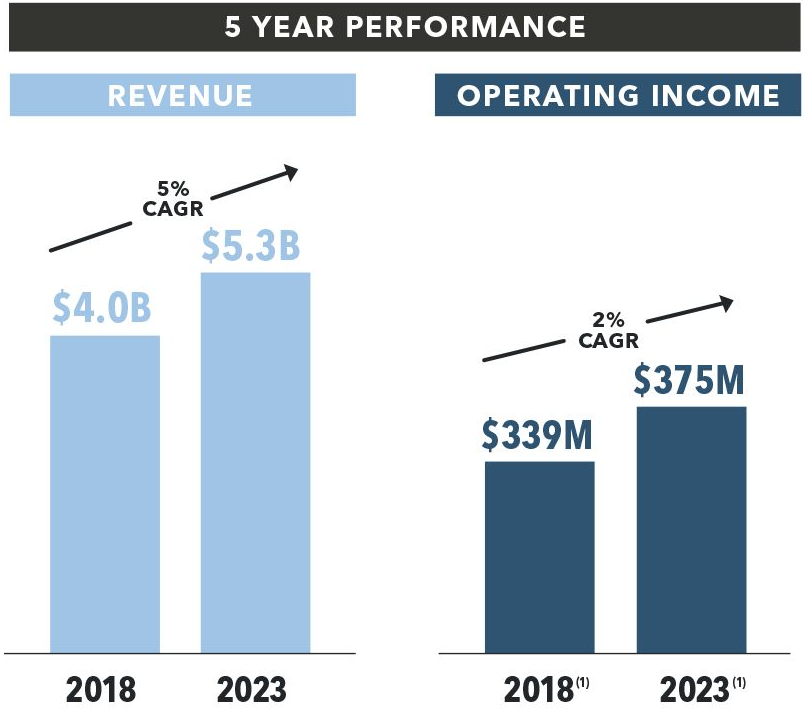
Amplify
Our Brands

Execute
With Financial Discipline

Optimize
Operations

We are Proven Brand Builders & Operators

The opportunity lies in powering consistent profitable growth



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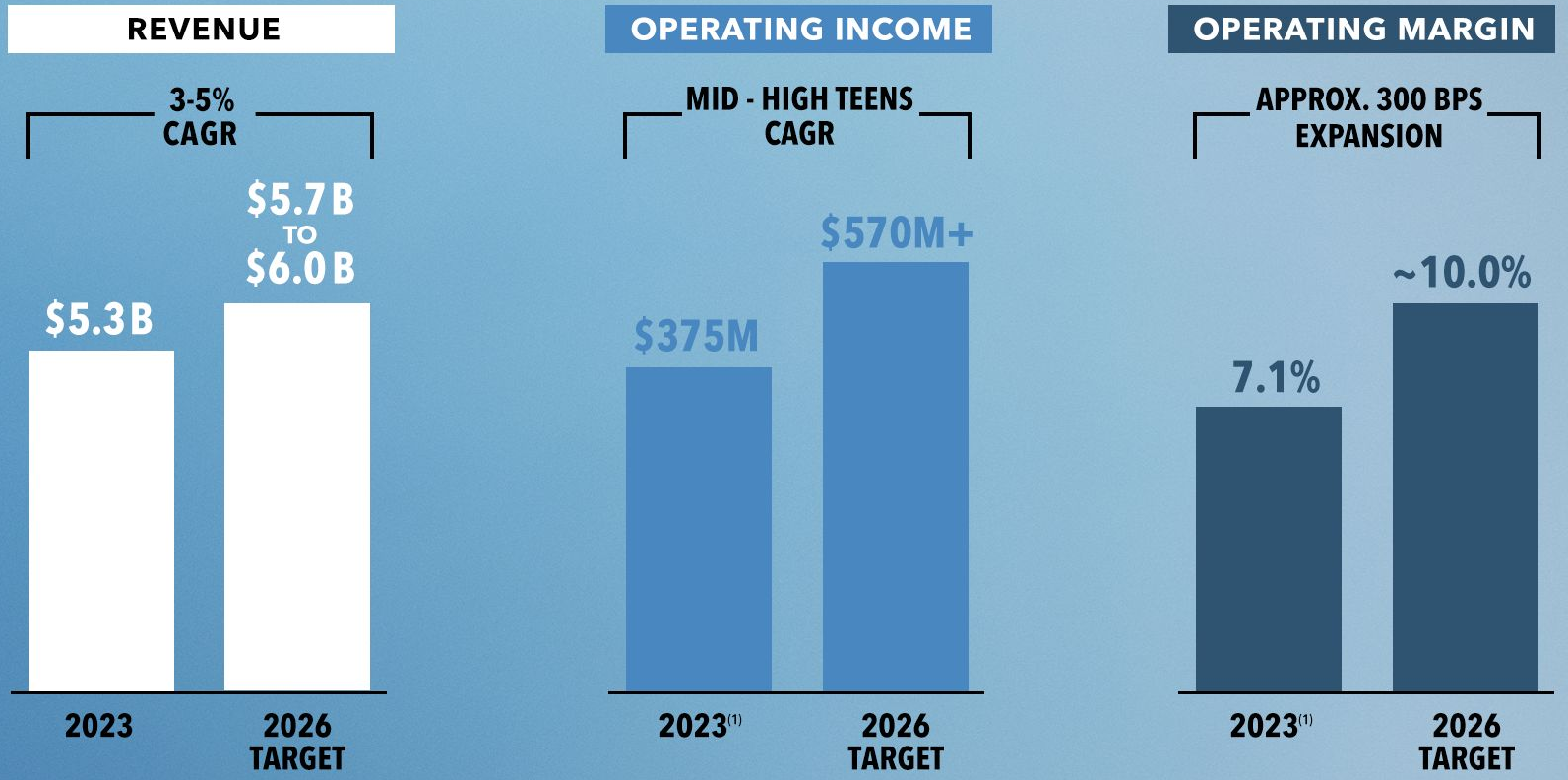
Transforming to Deliver Consistent Profitable Growth



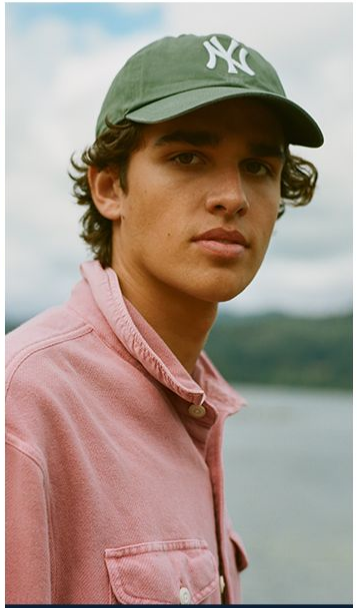
(1) Results are shown on an adjusted basis. See accompanying tables for a reconciliation of GAAP to non-GAAP results.


AEO's Strong Heritage Since 1977
Optimistic • Innovative
Authentic • Real • Resilient
Open-Minded • True
Independent • Inclusive

Distinct Competitive Advantages



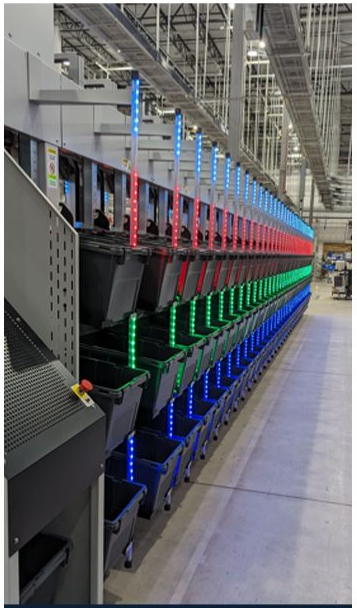
Powerful Brands



Authority in Casual Wear



Quality Product



Robust Operating Capabilities



World-Class Leadership Team

Fueled by **optimism**, our brands are designed to empower our customers to be their **real, authentic selves**.

CORE BRANDS







EMERGING BRANDS





Unwavering Commitment to **Quality** – a Differentiating Factor

- Fabric
- Fit
- Wash
- Construction
- Technology
- Sustainability



Powerful Trifecta That Builds Loyalty and Fuels Brand Opportunities

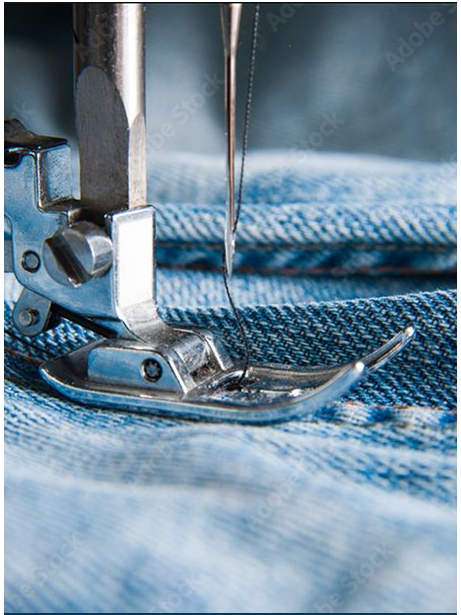








Robust Operating Capabilities



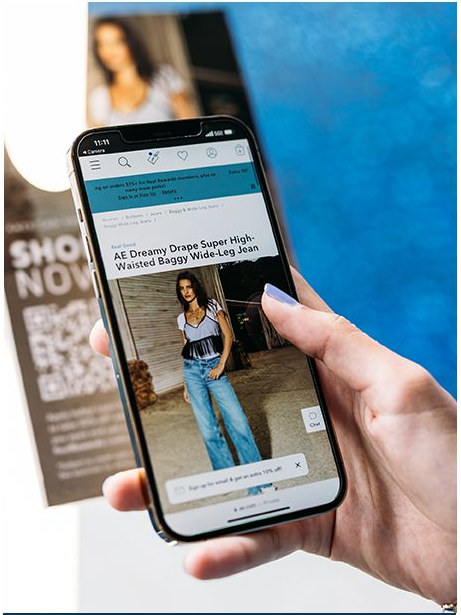
Best-in-Class
Global Supply Chain



State-of-the-Art
Distribution Facilities



Strong & Profitable
Store Fleet

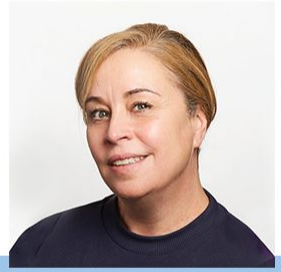


Rapidly Growing
Digital Platform

World-Class Leadership Team



Jay Schottenstein
Executive Chairman
& Chief Executive Officer



Jen Foyle
President, Executive Creative
Director – AE & Aerie



Mike Mathias
Executive Vice President –
Chief Financial Officer



Sarah Clarke
Executive Vice President –
Chief Supply Chain Officer



Valerie van Ogtrop
Executive Vice President –
Brand Operations



Marisa Baldwin
Executive Vice President –
Chief Human Resources Officer



Powering Profitable Growth

Amplify

Our Brands

Jen Foyle

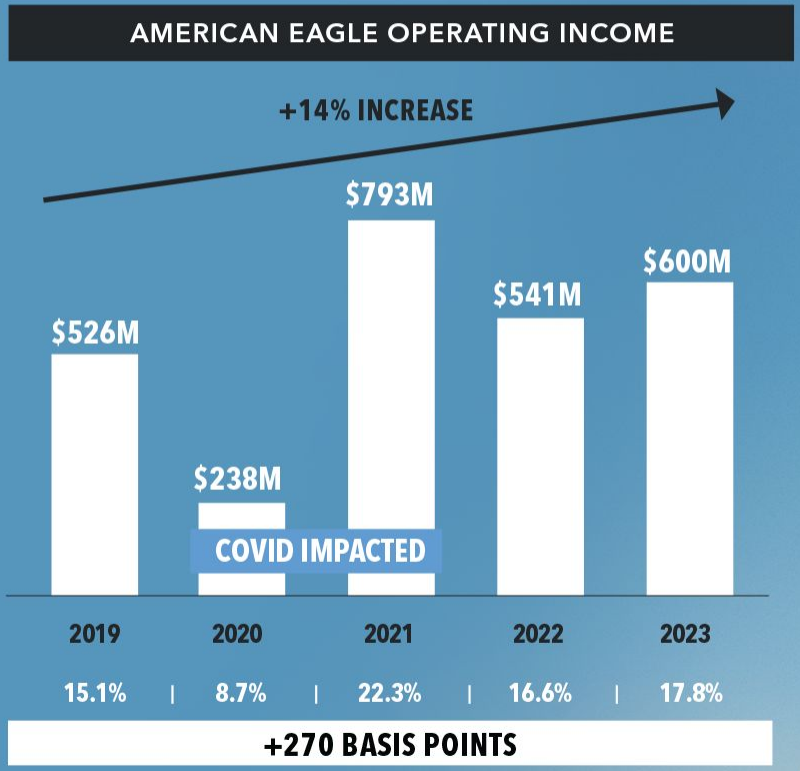
President, Executive Creative Director – AE & Aerie




Amplify
AMERICAN EAGLE
Powering Profitable Growth


Placeholder - American Eagle Sizzle Reel

American Eagle is Powerful and Highly Profitable



Amplify
AMERICAN EAGLE
Powering **Profitable Growth**

- Continue to Lead in Jeans
- Complete the Outfit - Tops
- Expand into Adjacencies
- Modernize Fleet
- Enhance Inventory Allocation





American Eagle is the Clear Leader in Jeans

#1 Jeans Brand
Ages 15-25

#1 Jeans Brand
All Ages for Women

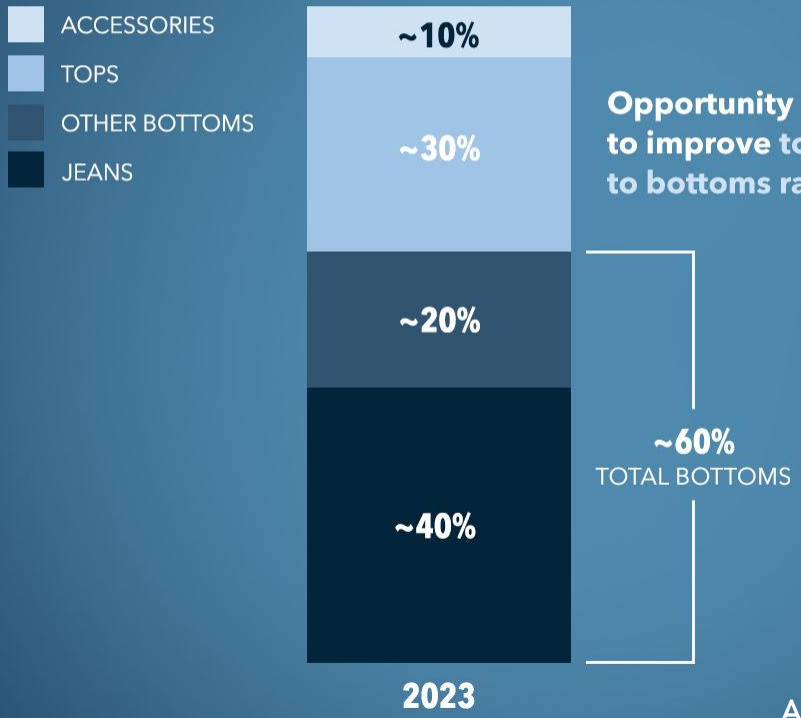
#2 Jeans Destination
for All Ages

Rankings are U.S. Market Only; Source: NPD; Category Data T12M Through Jan 2024



Opportunity to Complete the Outfit – Fueling Tops

AMERICAN EAGLE REVENUE




AEUNDERWEAR
Step Into Your Comfort Zone.



Customers Love American Eagle for **Everyday Casual**

15-25 Year Old
Core Customer

OCCASIONS: School, Movies, Errands

Growing American Eagle Through New Occasions + Broader Demo

CORE OCCASION



STYLE
Everyday Casual

OCCASIONS
School, Movies, Errands

+

NEW OCCASION



STYLE
Social Casual

OCCASIONS
College Party, Date Night, Brunch

+

NEW OCCASION



STYLE
Men's Active

OCCASIONS
Work Out, Active On the Go, Comfortable Classics

+

BROADER DEMO



STYLE
Everyday + Social Casual

OCCASIONS
Errands, Movies, Brunch, Date Night


AMERICAN EAGLE
Women's
Social Casual
OCCASIONS: College Party, Date Night, Brunch


AMERICAN EAGLE
Men's
Social Casual
OCCASIONS: College Party, Date Night, Brunch


Men's Active
AE 24/7
OCCASIONS: Work Out, Active On the Go, Comfortable Classics


AMERICAN EAGLE
Broadening the Demo


AE77
Broadening the Demo

CORE OCCASION



STYLE
Everyday Casual

OCCASIONS
School, Movies, Errands

+

NEW OCCASION



STYLE
Social Casual

OCCASIONS
College Party, Date Night, Brunch

+

NEW OCCASION



STYLE
Men's Active

OCCASIONS
Work Out, Active On the Go, Comfortable Classics

+

BROADER DEMO



STYLE
Everyday + Social Casual

OCCASIONS
Errands, Movies, Brunch, Date Night

Modernizing Our Store Fleet is Driving Compelling Results

Remodeling, Refreshing and Relocating to Optimize Productivity and Profitability

Johnstown, PA
Relocation

+18%
Sales Lift

Palisades, NY
Remodel

+30%
Sales Lift

Oakbrook, IL
Remodel + Relocation

+16%
Sales Lift


Placeholder - AE “Lived In” Store Highlight

Customer-Centric Inventory Allocation to Stores

Unlocking additional growth through:

✓ Expanding availability of best sellers

✓ Leveraging inventory supplements to localize customer experience



Innovative Marketing to Fuel Sales and Customer Growth

Positioning American Eagle at the Center of Culture

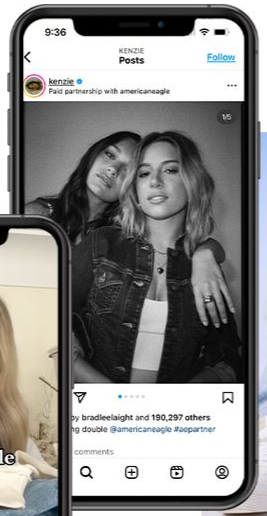


COSMOPOLITAN

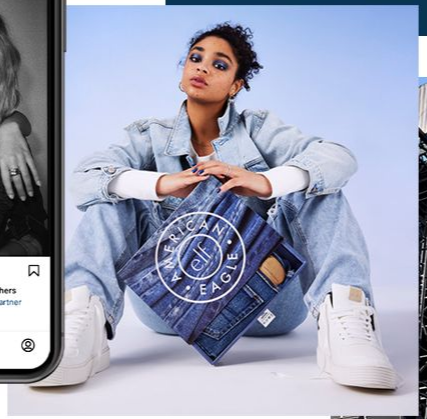
BRB, Buying Everything From The 'Summer I Turned Pretty' x American Eagle Collab

BEST-IN-CLASS CELEBRITY & NANO-INFLUENCERS





PRODUCT COLLABORATIONS



E.L.F. AND AMERICAN EAGLE LEAN INTO TIKTOK FOR NEW PARTNERSHIP



"OMJEANS" TAKEOVER OF NYC HIGHLINE



Instagram Engagement Rate **5x Higher** than Benchmark

2024 Launching New Marketing Platform



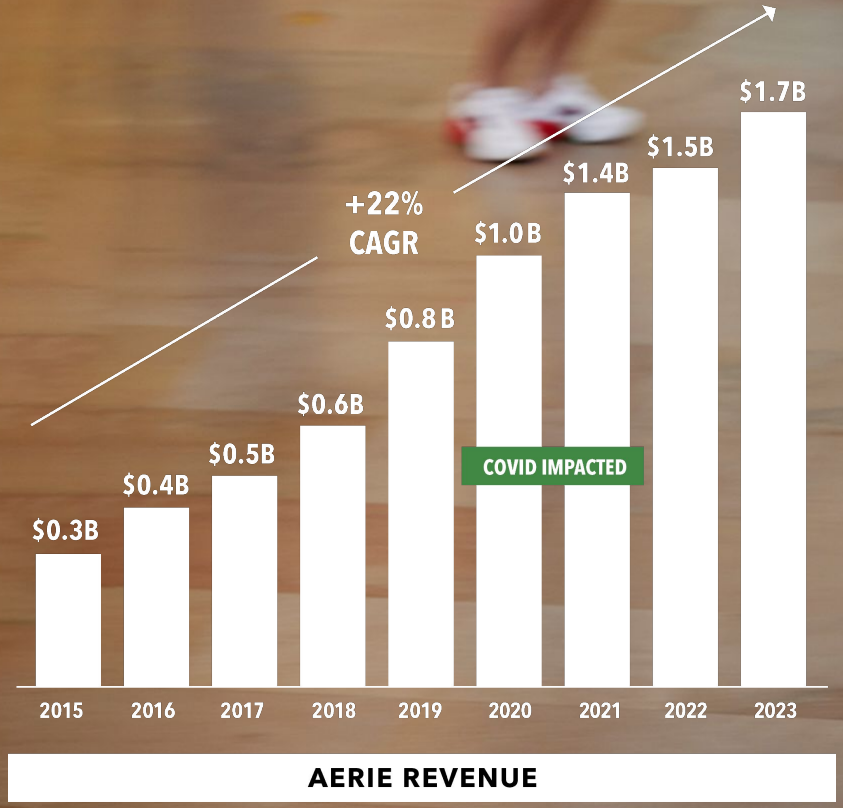
Powering Profitable Growth



Powering Profitable Growth

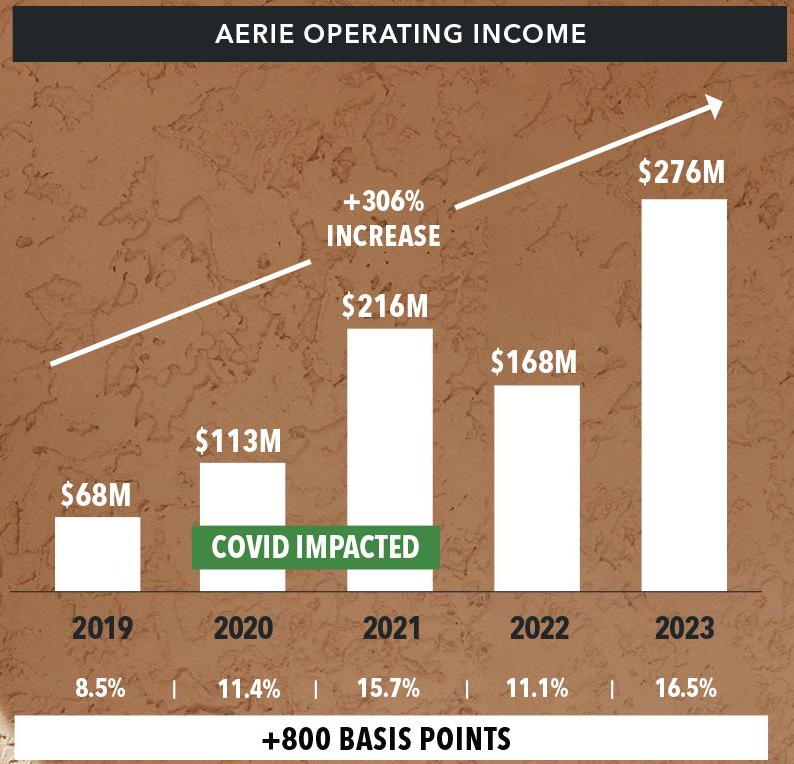

Placeholder - Aerie Sizzle Reel

Aerie's Growth Has Been Incredible

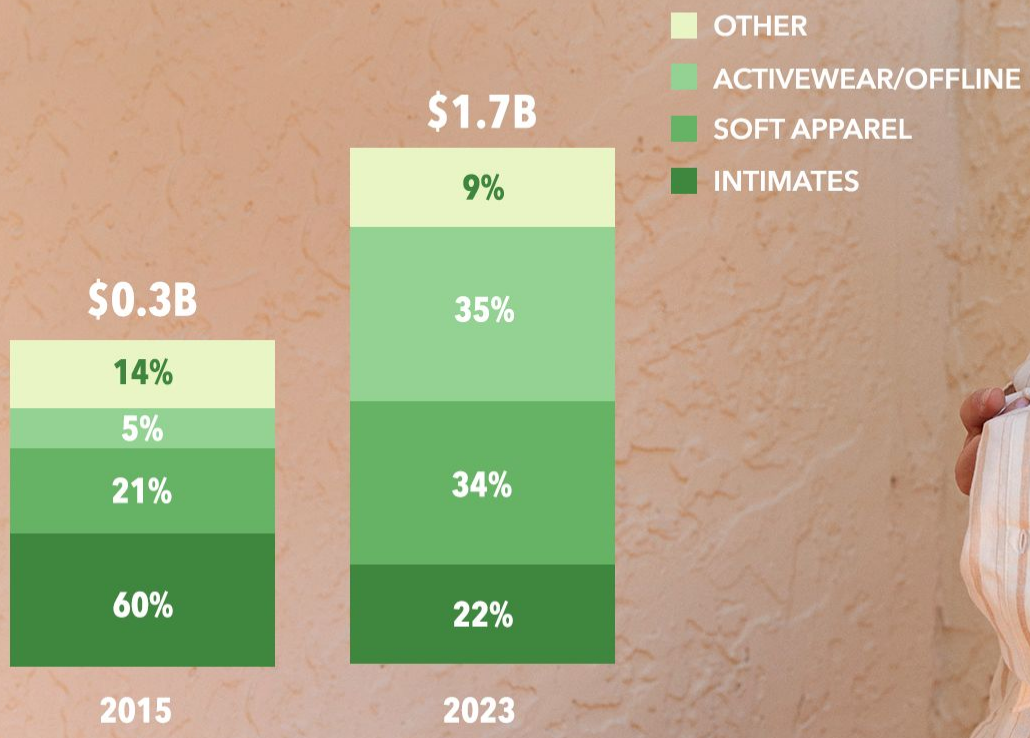


Aerie Has Seen Significant Expansion in Profitability





Rapid Growth is Being Fueled by Category Expansion



Aerie's Massive Runway in an Attractive Addressable Market

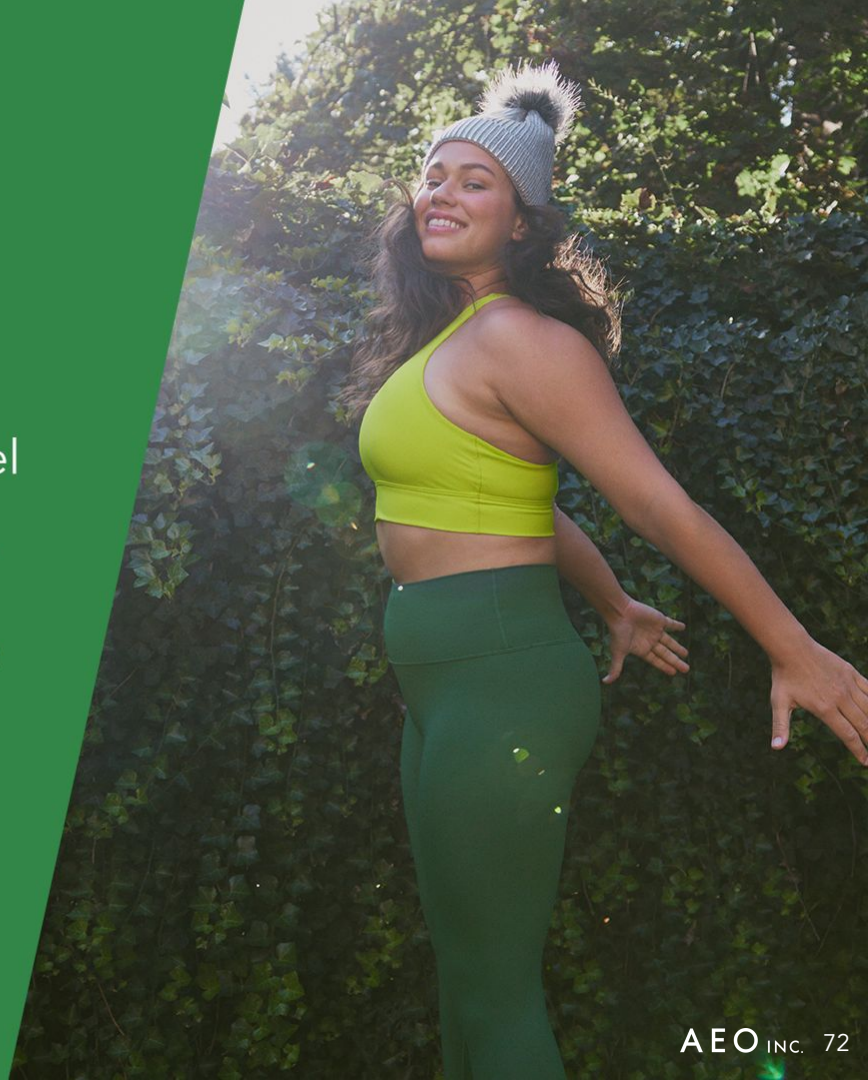


Market size reflects U.S. Market Only; Source NPD; Category Data T12M Through Jan 2024

Amplify aerie

Powering Profitable Growth

- Continue to Win in Intimates and Soft Apparel
- Grow OFFLINE as an Authority in Activewear
- Expand Markets and Drive Customer Growth
- Build the Basket



aerie

IS

Chill. Effortless.

FAMOUS FOR

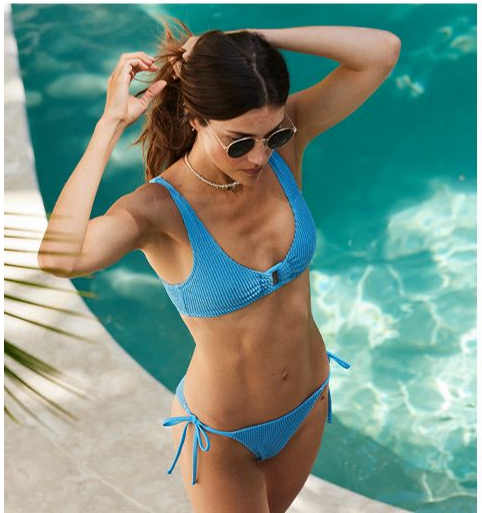
Intimates, Soft Dressing, Sleep, Swim

CUSTOMER OCCASIONS

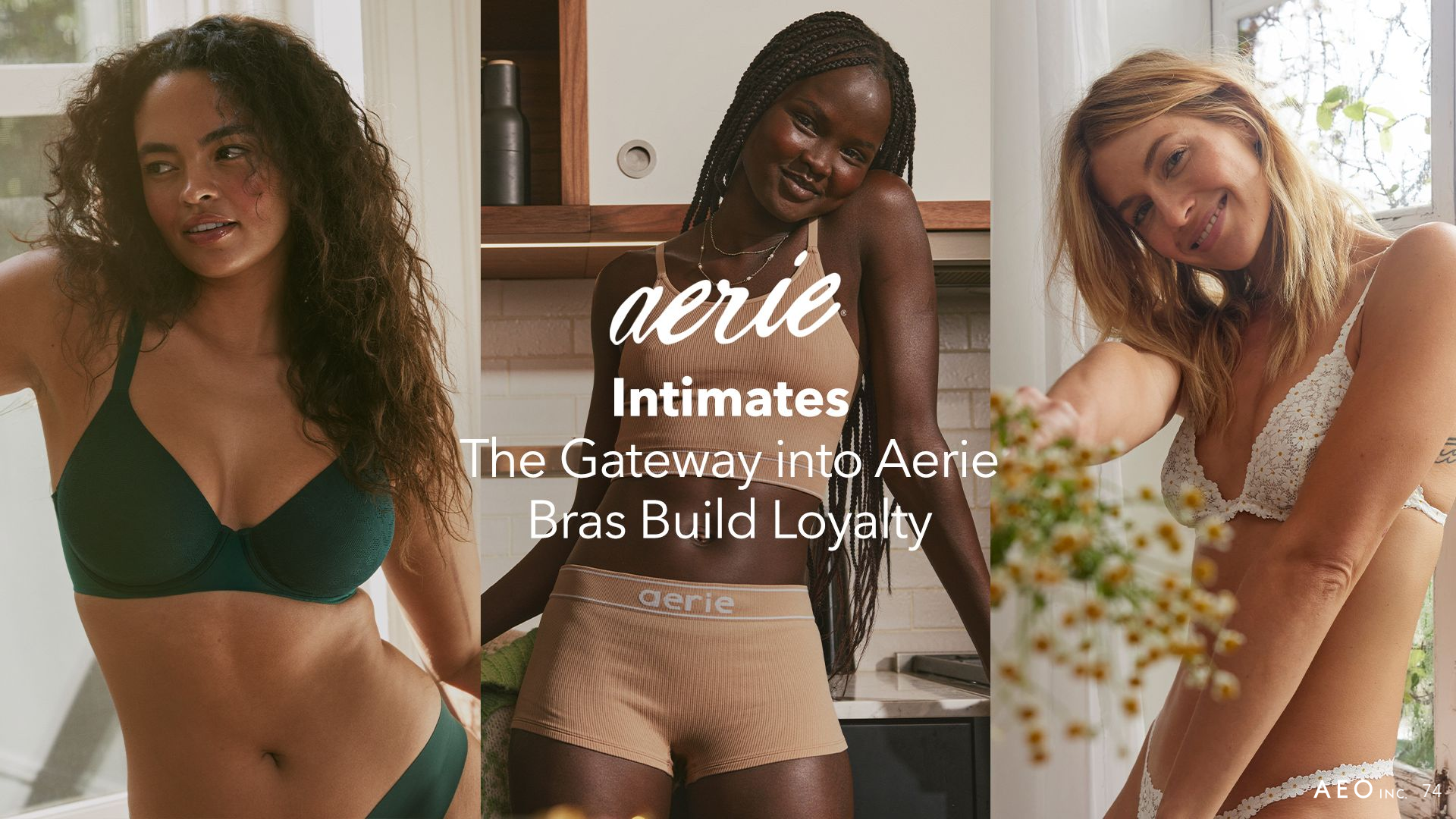
Chill Out, Girl's Night In, Beach, Pool Party







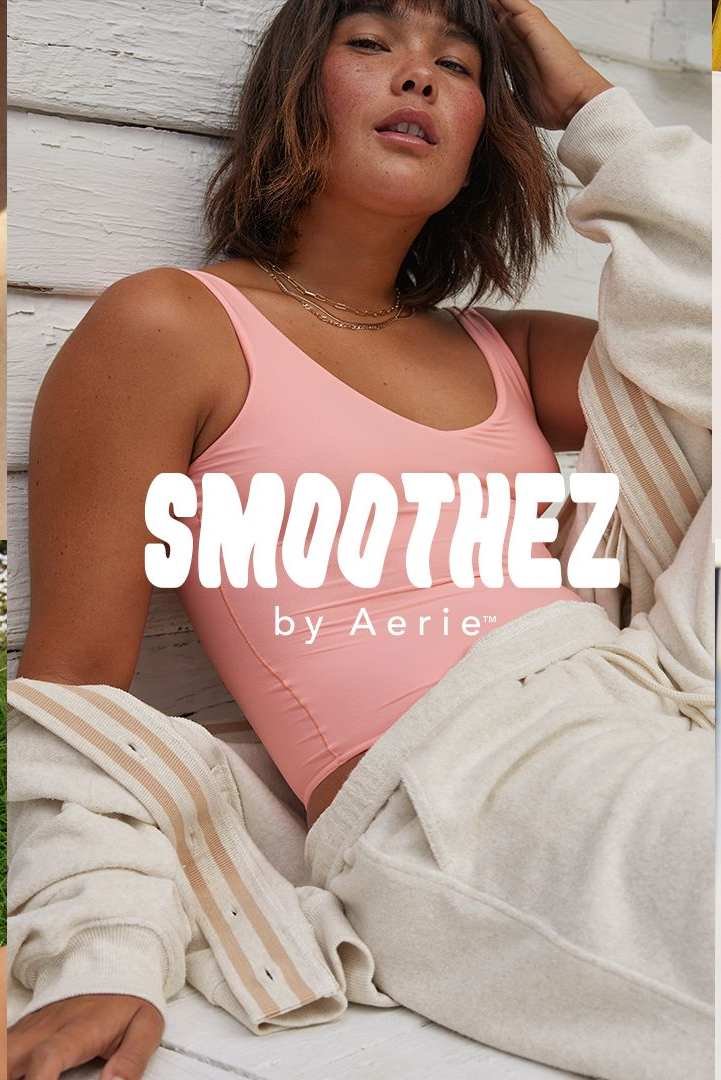



aerie
Intimates
The Gateway into Aerie
Bras Build Loyalty
aerie



#1 Bra Collection





SMOOTHEZ

by Aerie™



Bodysuits




aerie
Matching Sets



aerie

Soft Apparel
Drives Repeat Purchase



Sleep

Expanding Purchase Occasions

Big Opportunity in Activewear



$29B

Activewear Market[1]

...and growing

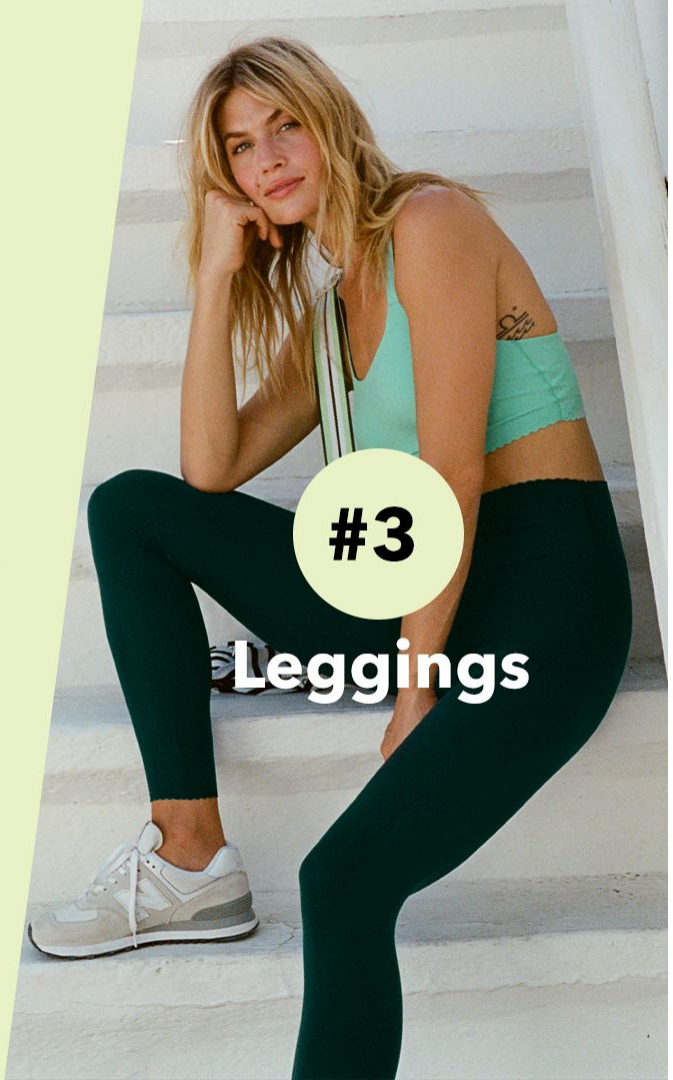
~$570 M

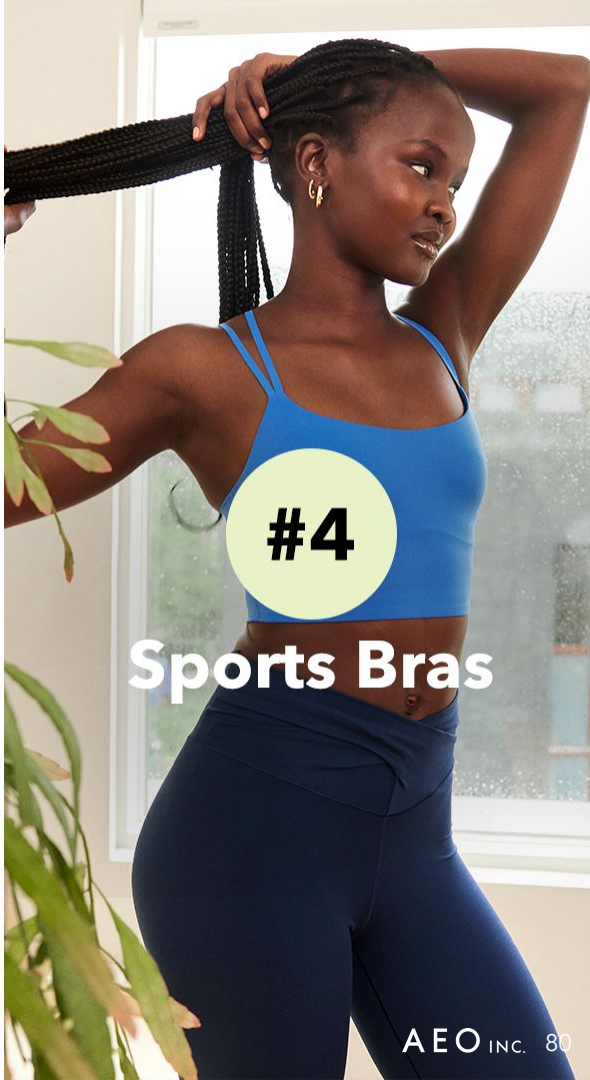
OFFLINE by Aerie
FY23 Revenue

OFFLINE™ by Aerie

(1) Market size reflects U.S. Market Only; Source: NPD; Category Data - Brand View T12M Through Jan 2024

OFFLINE
is Gaining Traction
in Activewear





Rankings reflect U.S. Market Only; Source: NPD;
Category Data - Brand View T12M Through Jan 2023

OFFLINE™

by Aerie

IS

Active. Fashionable.

FAMOUS FOR

Real Movement.

Athleisure Lifestyle.

CUSTOMER OCCASIONS

On the Team. On the Go.

On & Off the Court.

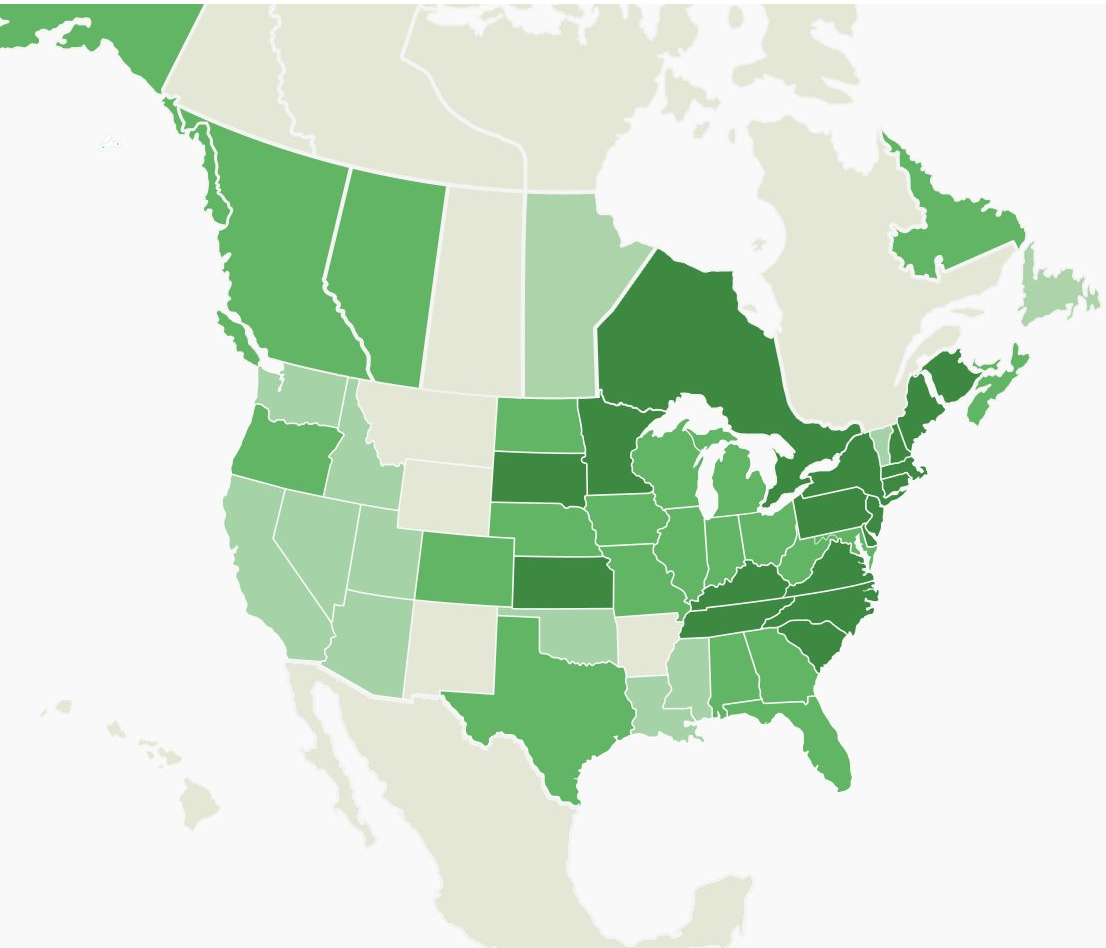








Aerie/OFFLINE Market Expansion Opportunity



CUSTOMER PENETRATION

8%+ 5-8% 3-5% <3%

~55%
Brand Awareness

Growing Aerie and OFFLINE Through Store Expansion

EXPANDING AERIE IN

Focus Markets:
Houston, TX

+45%
Market Growth

Our Best Malls:
Ross Park, PA

+97%
Mall Growth

ADDING OFFLINE STANDALONES

Green Hills, TN

+47%
Mall Growth

Significant Opportunity to Grow Purchase Occasions

~65% of Customers
are Single-Category Customers

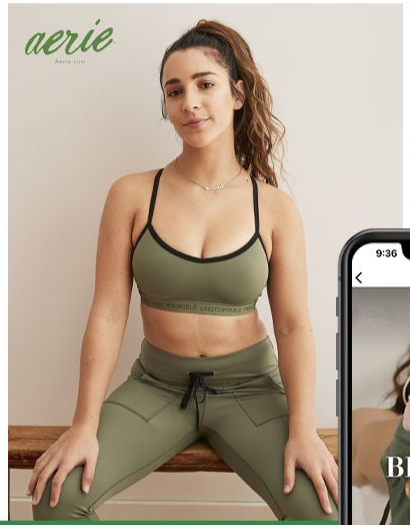
Multi-Category Customers:

- ✓ **Purchase** More Frequently
- ✓ **Spend** 2x More
- ✓ **Grow** with the Aerie Brand




Celebrating
10 Years
of #AerieREAL...
Empowering Women to
Love Their REAL Selves

Accelerating Media Investment to Grow Awareness and Expand Purchase Occasions



BEST-IN-CLASS CELEBRITY & NANO-INFLUENCERS





360 CAMPAIGNS TO AMPLIFY CATEGORIES



GEO-BASED MARKETING



DEEPENING BRAND CONNECTIONS & BUILDING COMMUNITY

BUILDING OFFLINE AWARENESS



Instagram Engagement Rate **3x Higher** than Benchmark

2024 Launching Dedicated OFFLINE Platform



Powering Profitable Growth

Optimize

Operations

Mike Mathias

Executive Vice President - Chief Financial Officer





Optimize Operations

Powering Profitable Growth

Stores

Openings + Remodels

AI + RFID for Inventory Productivity

Digital

Grow Through KPI Focus

Supply Chain

Transform for Agility and Efficiency

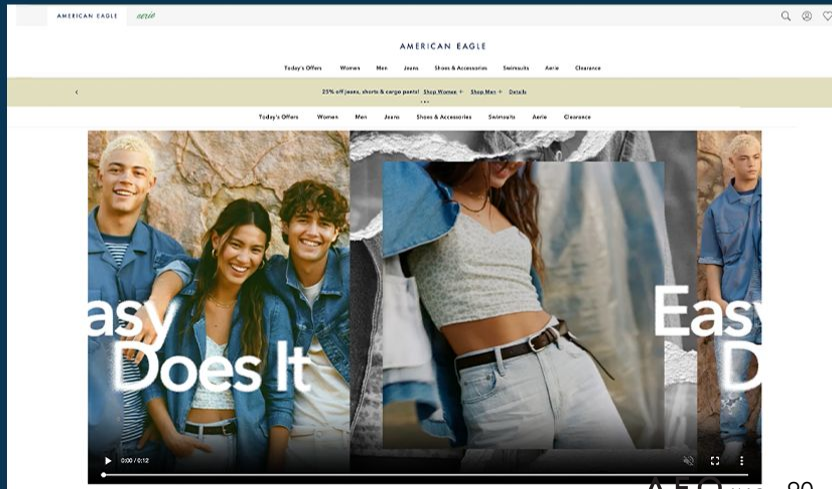
Marketing

Optimize for Greater Returns

Customer-Centric Retailer with Best-in-Class Omni Capabilities







Store Fleet is a Competitive Strength

90%+ 4 Wall Positive

Average Term of **~2 Years**
~70% Less Than 4 Years

✓ **Acquisition**
✓ **Engagement**
✓ **Retention**



Aerie and OFFLINE New Stores Generate Strong Returns

Majority Under 3 Years

↳ Payback on new stores

At least 15%

↳ Return hurdle on new openings

100 New Stores

↳ Opening over the next 3 years



Upgrading the AE Store Fleet Delivers Sales Lift



At least 15%

↳ Return hurdle on remodels

300 Remodels

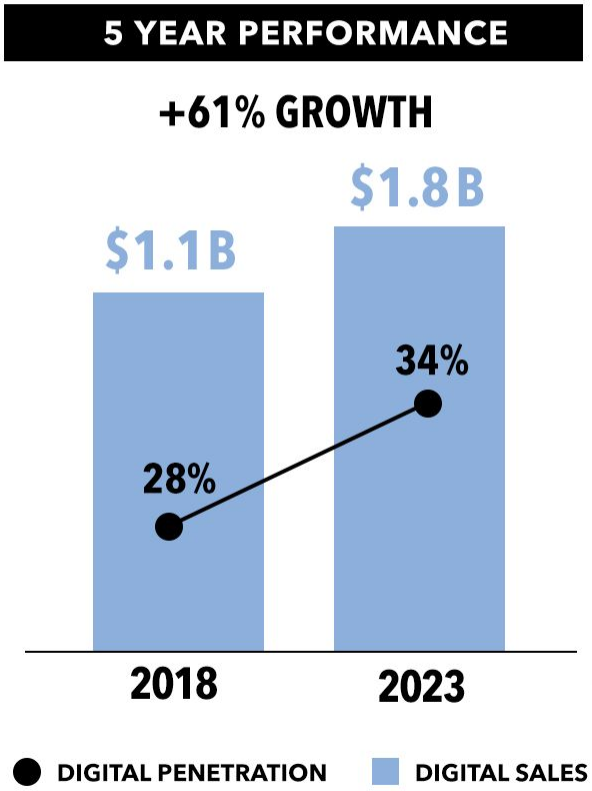
↳ Over the next 3-5 years

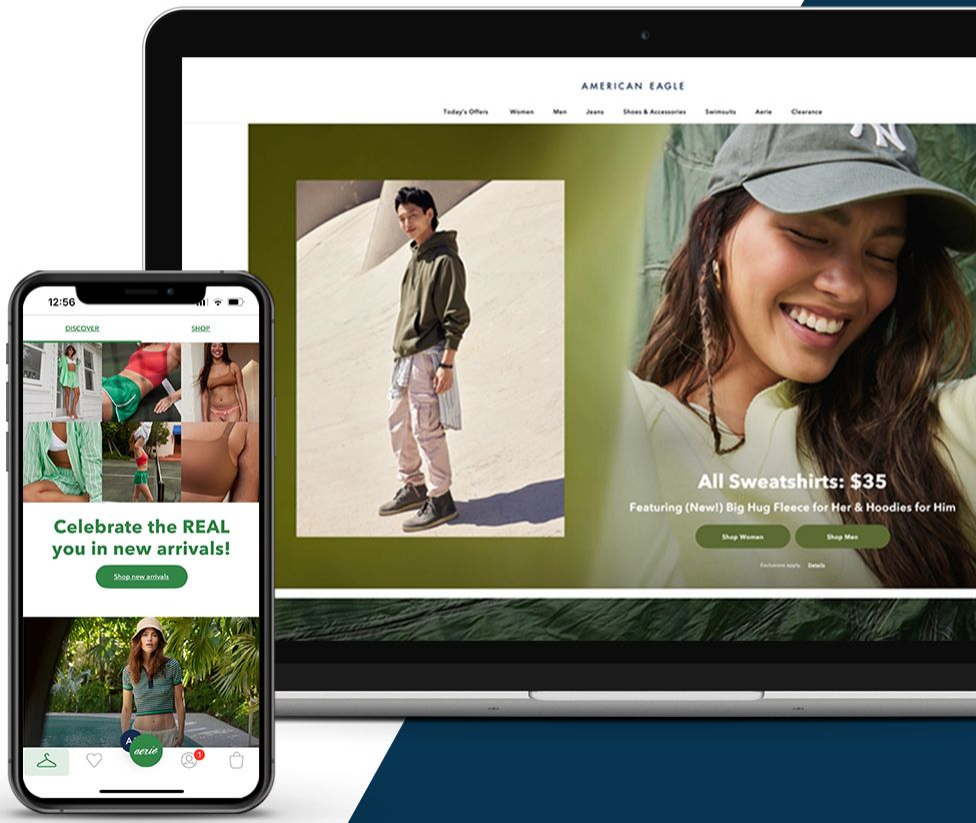
Creating a Leading Store Experience

- Ensure best sellers to all stores
- Leverage AI and RFID to create efficiencies and improve in-stocks



A Powerful and Growing Digital Business





Leveraging Testing to Improve Conversion

SCALE & VOLUME

1M+
Visitors a Day

20M+
Transactions a Year

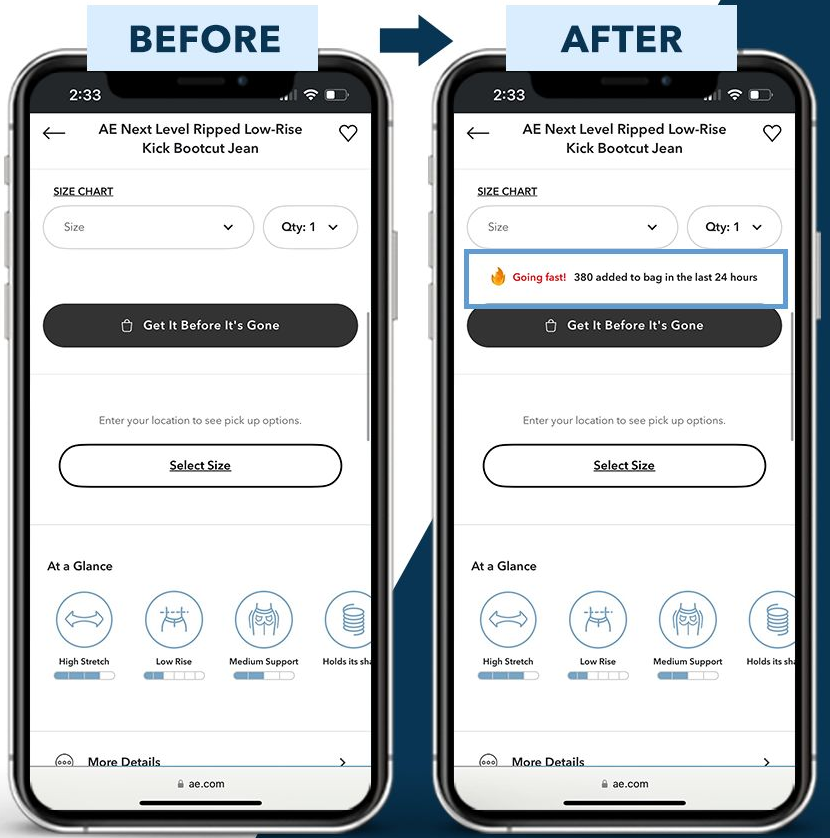
EFFECTIVE TESTING

As High as 99%
Statistical Confidence

REAL RESULTS | 2Q23-4Q23

+22pts
Conversion Comp Lift

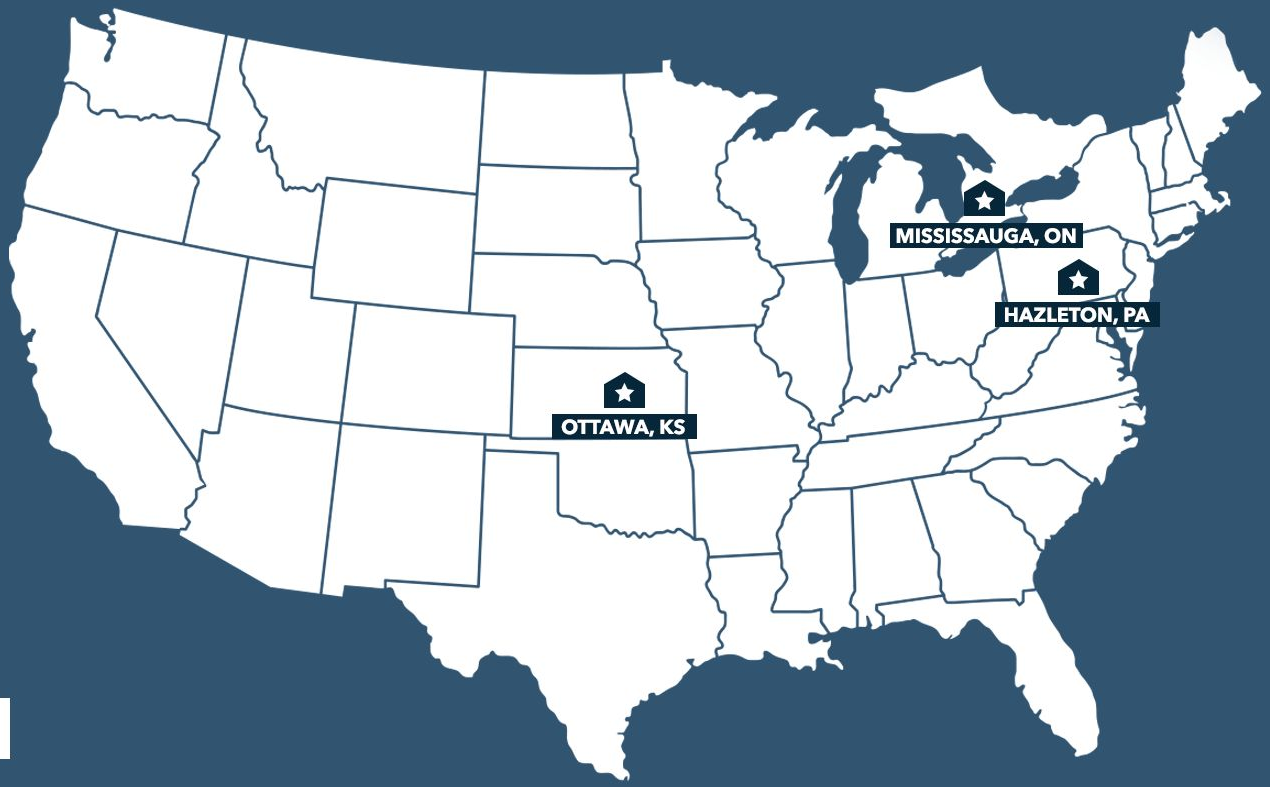
+21pts
Sales Comp Lift




Optimizing Our Supply Chain

Traditional Fulfillment Model

Centralized Distribution Centers



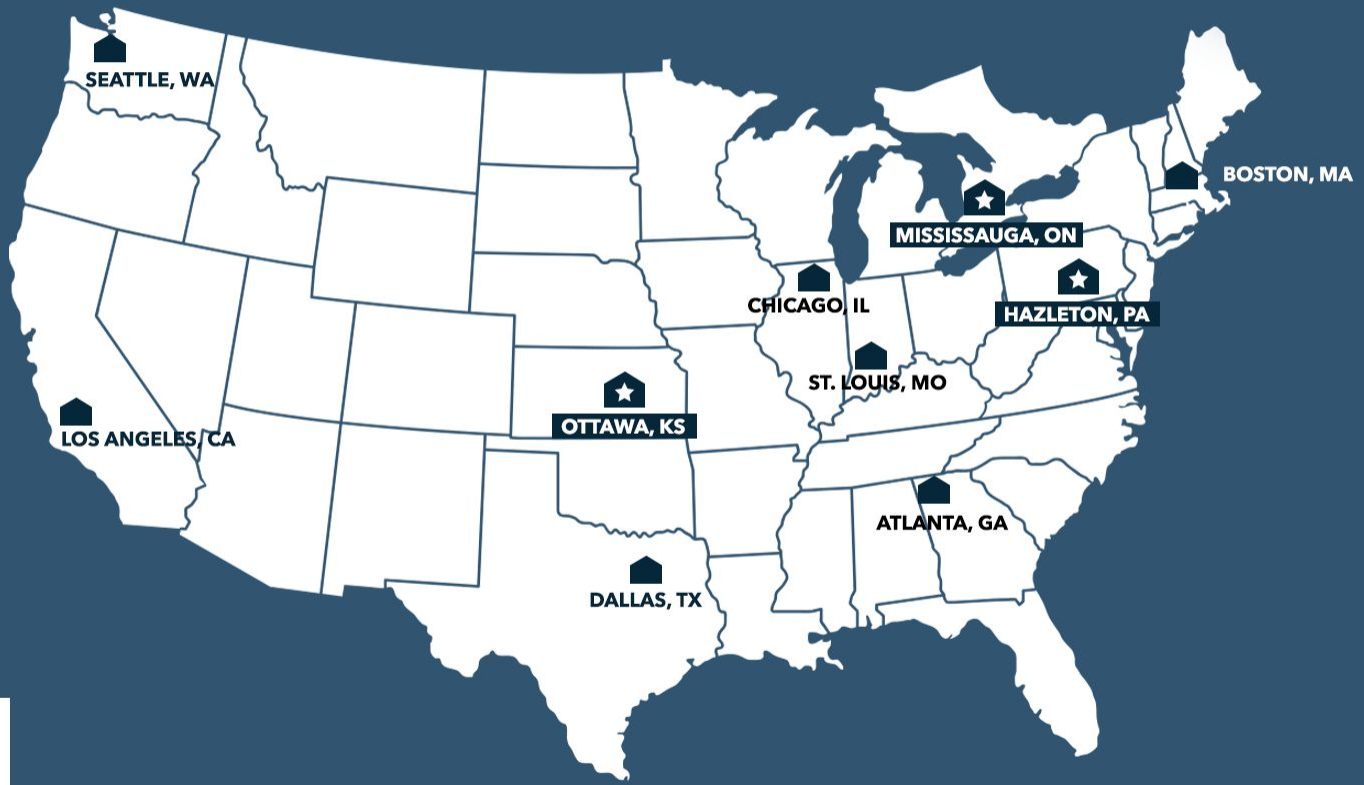
AEO Distribution Centers (DCs)

A Modernized Fulfillment Network

An Efficient, Customer-Focused Supply Chain

Benefits To Our Brands

- ✓ Edge Fulfillment
- ✓ Faster + Cheaper Delivery to Stores and Customers
- ✓ Inventory Efficiencies
- ✓ Capacity For Growth
- ✓ Carrier Diversification



AEO Distribution Centers (DCs)
Edge Fulfillment Centers (Nodes)

Optimize Marketing Spend

- Test and Learn
- Recadencing Media Spend
- Drive Greater Revenue and Profitability

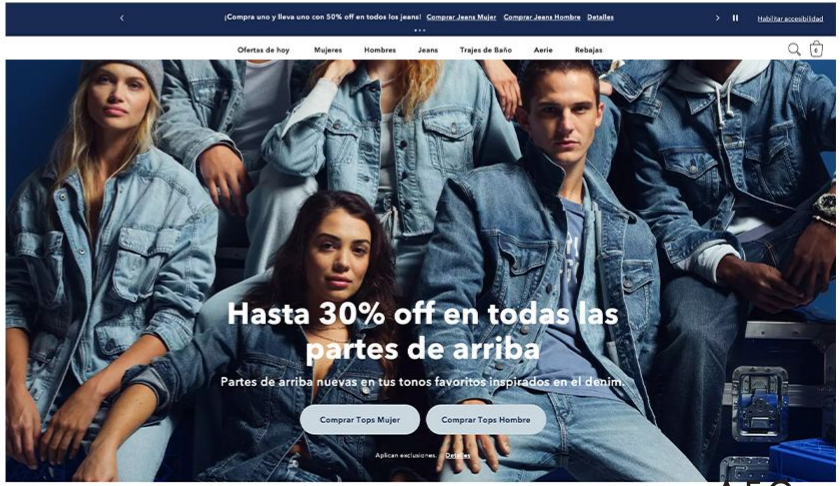


International Opportunity

- Strong global partnerships
- Capital-light, successful licensed business
- Tailored commerical model by market
  - License Partner
  - Strategic Wholesale
  - Concession
  - Selective DTC
- Strong company-owned business in Mexico and Canada

MEXICO	
$400M+ in FY23 Revenue	**+150%** Since 2019





Execute

With Financial Discipline



Mike Mathias

Executive Vice President - Chief Financial Officer

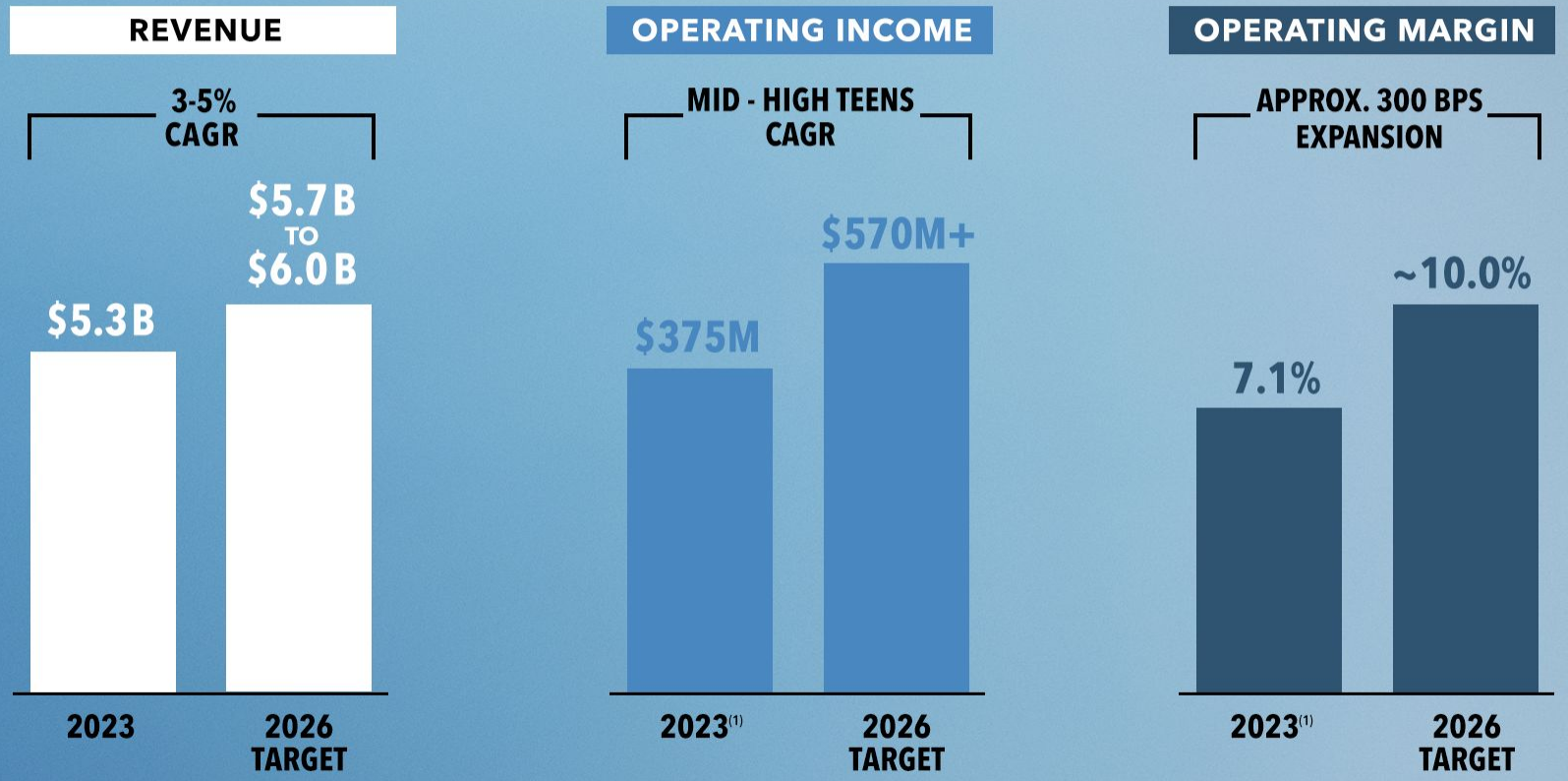
BREAKTHROUGH

Powering Profitable Growth

- ✓ Identified significant opportunities across the P&L
- ✓ Early work within gross margin, followed by SG&A in 2024+
- ✓ Office of Continuous Improvement



Transforming to Deliver Consistent Profitable Growth



(1) Results are shown on an adjusted basis. See accompanying tables for a reconciliation of GAAP to non-GAAP results.

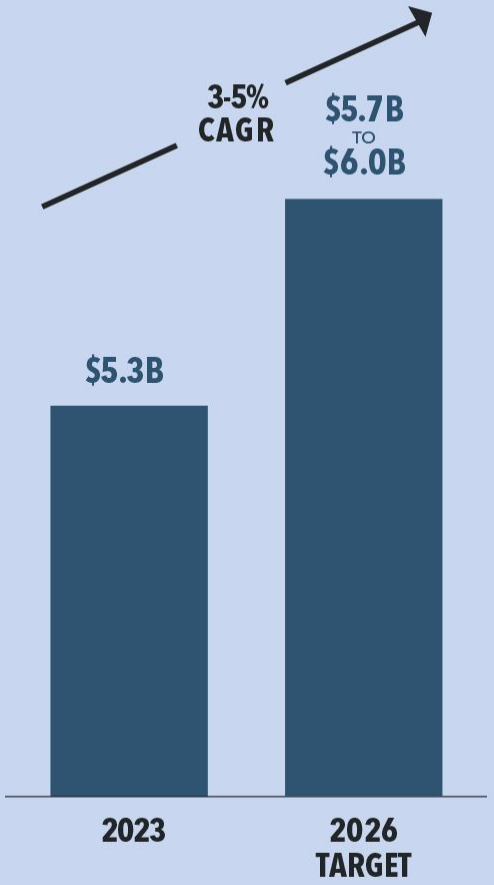
Long-Term Revenue Drivers

Comp Growth

- Amplifying Core Assortment
- Category Adjacencies
- Customer Growth
- AE Fleet Remodels
- Digital Acceleration
- Improved Operating Capabilities
- Mexico/Int'l Growth

Aerie/OFFLINE Fleet Expansion

- Targeting 100 new stores
- 30-35 new stores per year




AMERICAN EAGLE
+Low-single Digit
Revenue Growth


aerie
+Mid to High-single Digit
Revenue Growth

Continued Opportunity in Gross Margin

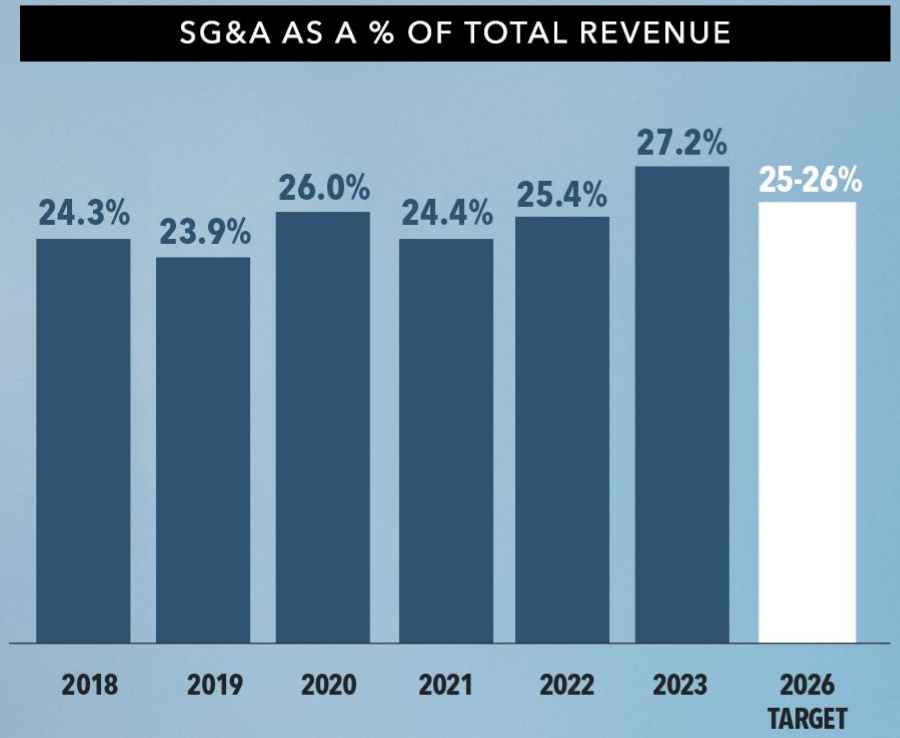


Drivers:

- Promotional Discipline
- Sourcing Opportunities
- Freight + Delivery Cost Efficiencies
- Leverage on BOW Expenses

(1) Results are shown on an adjusted basis. See accompanying tables for a reconciliation of GAAP to non-GAAP results.

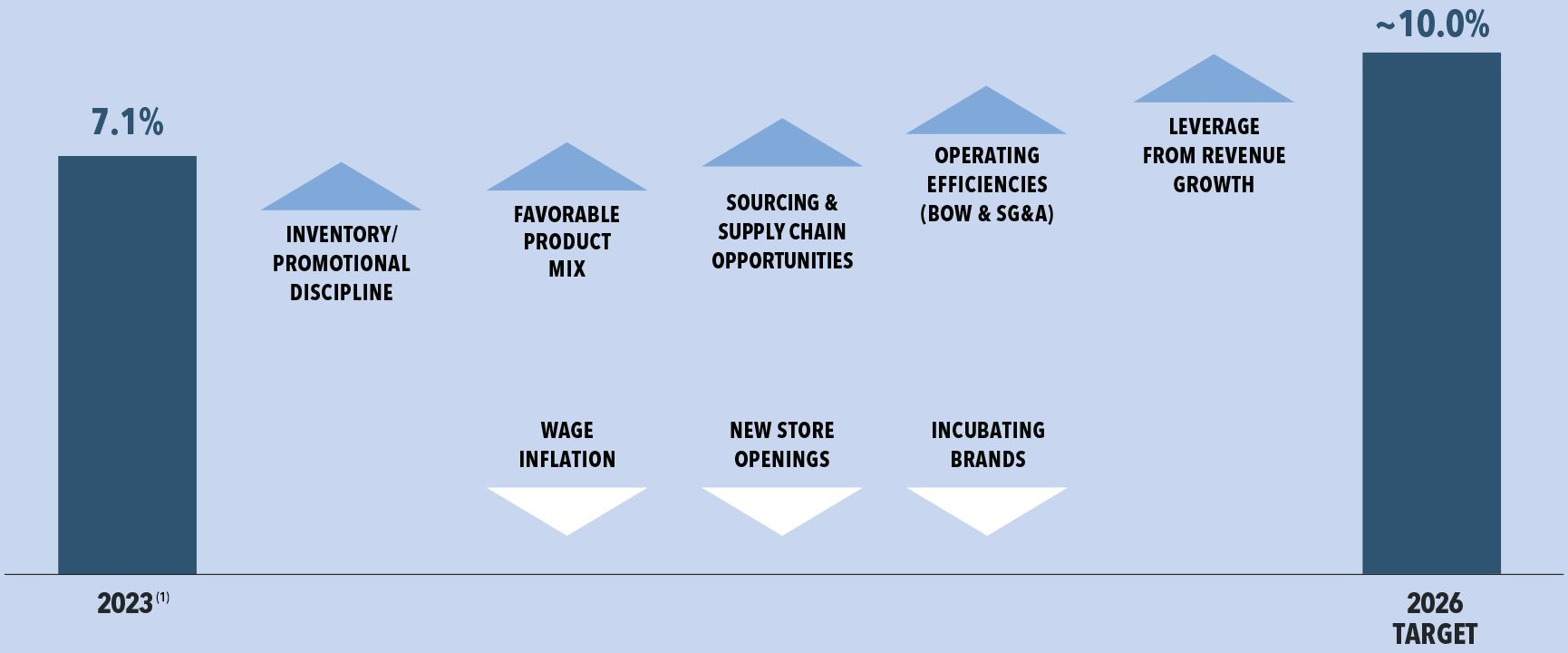
SG&A Opportunities



Leverage Drivers:

- Store & Corporate Compensation
- Professional Fees & Services
- Marketing Optimization
- Supplies & Packaging
- Repairs & Maintenance

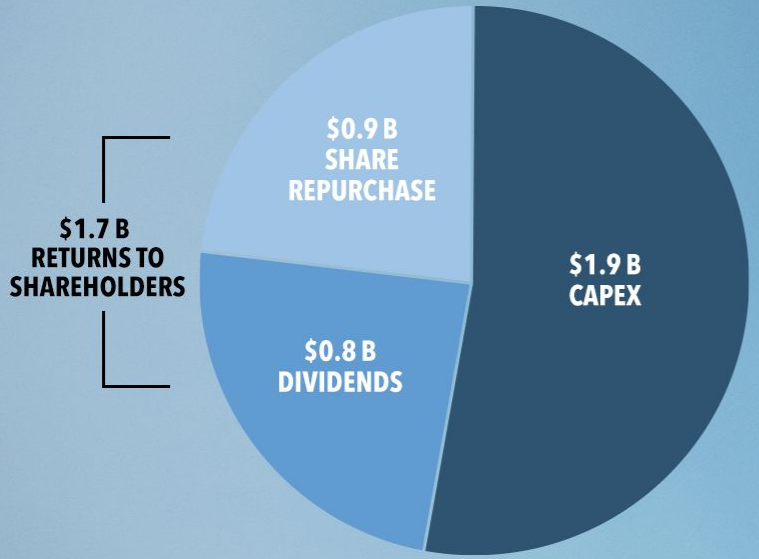
Path to ~10% Operating Margin



(1) Results are shown on an adjusted basis. See accompanying tables for a reconciliation of GAAP to non-GAAP results.

Long History of Returns to Shareholders

2014-2023 CAPITAL ALLOCATION



2023 Actions

- ✓ Raised quarterly cash dividend by **25%**
- ✓ Repurchased **1M** shares
- ✓ Announced **30M** new share repurchase authorization

AEO's Value Creation Model

3-5% Revenue Growth + **Mid-to-High Teens** Operating Income Growth + **$200M to $250M** Capital Spend

Healthy Free Cash Flow

Cash Dividend + **Share Repurchase**

Double-Digit TSR Growth



Closing Remarks

Jay Schottenstein

Executive Chairman & Chief Executive Officer



Powering Profitable Growth

Amplify
Our Brands

Grow AE, powering denim and expansion into category adjacencies; **Fuel Aerie and Accelerate OFFLINE**.

Execute
With Financial Discipline

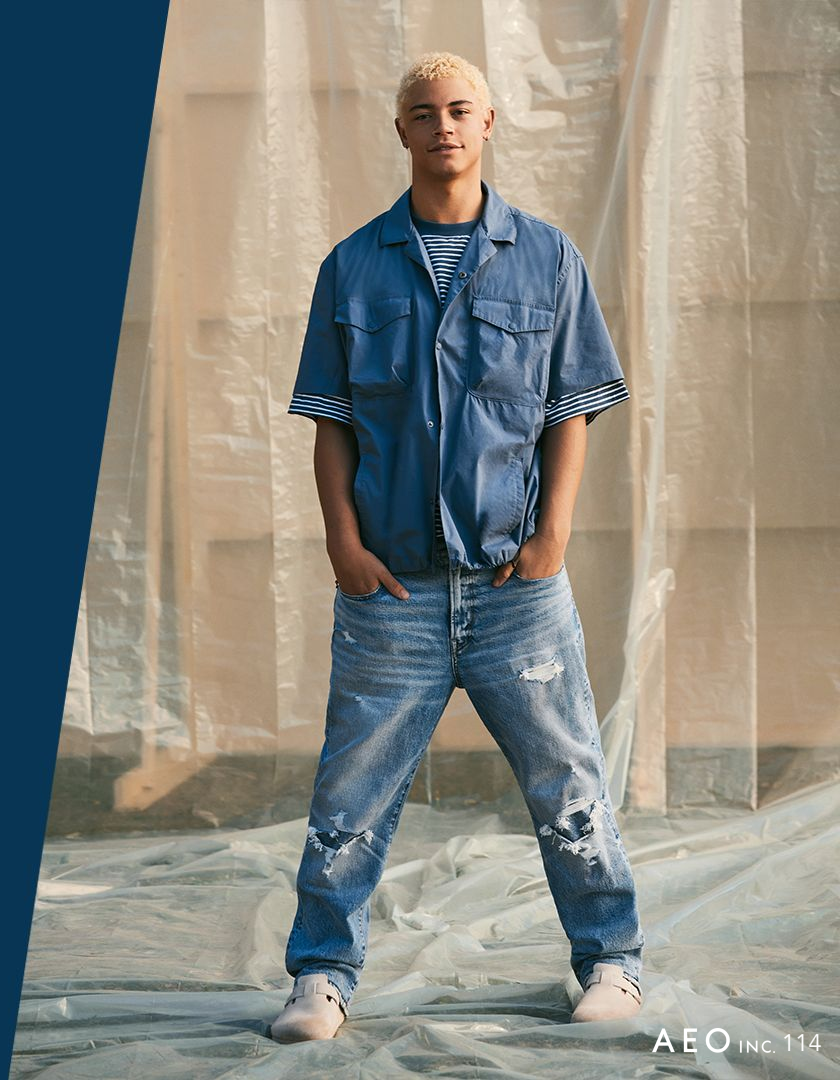
Organization structured to **deliver consistent profit growth** and shareholder returns.

Optimize
Operations

Leverage **best-in-class operating capabilities** to fuel our growth and profit roadmap.

Q & A

Powering Profitable Growth



Appendix



Operating Income

GAAP to NON-GAAP Reconciliation

(Dollars in millions)(unaudited)	Second Half 2022		Second Half 2023	
	Operating Income	Operating Margin	Operating Income	Operating Margin
GAAP basis	$191.1	7.0%	$134.6	4.5%
Impairment and restructuring charges:				
Quiet Platforms	$3.8		$98.3	
International	$8.0		$21.9	
U.S. and Canada	$10.4		$ -	
Corporate	$ -		$11.2	
Non-GAAP basis	$213.3	7.8%	$266.0	8.9%

Operating Income

GAAP to NON-GAAP Reconciliation

(Dollars in millions)(unaudited)	Fiscal 2018	Fourth Quarter 2022	Fiscal 2022		Fourth Quarter 2023	Fiscal 2023			
	Operating Income	Operating Income	Operating Income	Operating Margin	Operating Income	Gross Profit	Gross Margin	Operating Income	Operating Margin
GAAP basis	$337.1	$73.6	$247.0	5.0%	$9.2	$2,024.6	38.5%	$222.7	4.2%
Impairment and restructuring charges:									
Quiet Platforms	$ -	$3.8	$3.8		$98.3	$ -		$119.6	
International	$ -	$8.0	$8.0		$21.9	$11.0		$21.9	
U.S. and Canada	$ -	$10.4	$10.4		$ -	$ -		$ -	
Corporate	$1.6	$ -	$ -		$11.2	$ -		$11.2	
Non-GAAP basis	$338.7	$95.8	$269.2	5.4%	$140.6	$2,035.6	38.7%	$375.4	7.1%